

## Chapter VI

### Fiscal Procedures

VI. Fiscal Procedures	6-2
A. In-House Grant Payment and Federal Reimbursement Voucher Process	6-2
i. Review Process	6-2
Table 11. TSO Subgrantee Claim Review and GTS Process	6-2
Table 12. State Agency Claim Reimbursement Process	6-3
ii. Entry of State/Local Matching Share	6-3
iii. Submission of Federal Reimbursement Voucher	6-4
B. Federal Grant Tracking System (GTS)	6-4
i. Types of GTS Transactions	6-4
ii. GTS Reports	6-5
iii. Electronic Transfer of Funds	6-5
C. Matching Funds	6-5
D. Grant Tracking Spreadsheet	6-6
E. Allowable Costs	6-6
Table 13. Applicable Federal Cost Principles by Organization Type	6-7
i. 2 CFR Part 225 - OMB Circular No. A-87	6-7
ii. NHTSA Grant Funding Policy – Allowable and Unallowable Costs	6-7
F. Single Audit Procedures – Federal A-133 Requirements	6-8
Attachment 9	

## VI. Fiscal Procedures

### A. In-house Grant Payment and Federal Reimbursement Voucher Process

#### i. Review Process

The TSO Program Managers review claims submitted by subgrantees for reimbursement of grant-related expenses. After review and verification, the TSO Financial/Contract Manager conducts a second-level financial review of the claim and, upon finding it accurate and appropriate, proceeds to submit the claim to the Safety Division Director for final approval. The claim is then processed through the NDDOT's accounting system for payment.

The NDDOT Finance Division performs certain required accounting actions in the state accounting system and the federal GTS system to assist with grant payment and the TSO federal reimbursement voucher submission.

**Note:** It is imperative that the TSO assign a high priority to processing claims in order for reimbursement payments to be made in a timely manner.

**Note:** Final claims may not be approved for payment without the receipt of the final progress report (See *Chapter IV. Grant Selection and Execution, Section F. Reporting Requirements*).

**Table 11. TSO Subgrantee Claim Review and GTS\* Process**

Responsible Party	Action
Admin Support	<ul style="list-style-type: none"> <li>Opens mail and date stamps reimbursement voucher/report.</li> </ul>
Program Manager	<ul style="list-style-type: none"> <li>Reviews voucher/report for grant compliance. Resolves any issues, signs, and dates.</li> </ul>
TSO Financial/Contract Manager	<ul style="list-style-type: none"> <li>Reviews voucher/report and meets with program manager to resolve any additional issues. Saves voucher/report on computer, prepares claim for payment, assigns code, and electronically submits claim for payment with voucher/report to Division Director for approval.</li> </ul>
Division Director	<ul style="list-style-type: none"> <li>Reviews claim for payment with voucher/report and approves claim for payment. After approval, the electronic Contract Management System automatically submits claim for payment to the Finance Division for data input (payment) in state accounting system.</li> </ul>
Financial Management	<ul style="list-style-type: none"> <li>Receives claim for payment with voucher/report, prints claim for payment and voucher page, enters into state accounting system, and check is issued. Claim for payment and voucher page are filed in Financial Management.</li> </ul>
Financial Management	<ul style="list-style-type: none"> <li>During the first week of each month (usually the 1<sup>st</sup> working day of the month), the Financial Management Division runs reports showing all NHTSA projects along with a cash trial balance and prints copies for the time period to use for billing.</li> <li>The amounts from the NHTSA reports are entered into the monthly NHTSA billing spreadsheet to determine the current month's billing. This amount is then reconciled to the negative cash on the cash trial balance.</li> <li>When the spreadsheet is completed, the Financial Management Division logs into the GTS website and enters the State, Federal and Local Benefit</li> </ul>

	<p>amounts applicable for each NHTSA project billing in that period. If there are any critical errors, these are forwarded to the Safety Division for them to resolve in GTS or instruct Financial Management on how to resolve.</p> <ul style="list-style-type: none"> <li>• Once all critical errors in GTS have been resolved, journal entries are prepared in the state accounting system to record the receivable for each fund and the revenue for each project. This is done to verify there are no problems in the state accounting system with the voucher.</li> <li>• When the journal entry has been verified in the state accounting system, changes are made to the voucher in GTS if there were issues with the journal entry. When the voucher is ready, it is submitted to NHTSA for approval.</li> <li>• When the voucher has been approved by NHTSA, the Financial Management Division posts the voucher on the GTS website. The journal entry is also submitted to A/R Federal Aid Supervisor for approval in the state accounting system.</li> <li>• After the funds are received, Financial Management deposits the funds directly to the fund-specific receivables previously created.</li> </ul>
Financial Management	<ul style="list-style-type: none"> <li>• Reviews GTS report and verifies entries</li> <li>• Reviews any GTS “error” messages and works with the TSO to resolve</li> <li>• Posts and authorizes the voucher using electronic signature authority</li> <li>• Enters federally required benefit to locals (40 percent) See Chapter II, Section J. <i>Benefit to Locals</i></li> </ul>
Financial Management	<ul style="list-style-type: none"> <li>• At the beginning of each fiscal year the Finance Division posts the grant dollar amounts for the TSO to the State Accounting System including match amounts and Project Development Authority codes.</li> </ul>
TSO Financial/Contract Manager	<ul style="list-style-type: none"> <li>• The Safety Division enters the Federal obligation information into GTS from the HS-217 Cost Summary for the current fiscal year.</li> </ul>

\* See *Section B. Federal Grant Tracking System* for additional information on GTS.

#### **Table 12. State Agency Claim Reimbursement Process**

This process is the same as TSO Sub Grantee Claim Review and GTS\* Process (Table 15).

#### **ii. Entry of State/Local Matching Share**

In addition to actual costs to be reimbursed to the state, federally required match funds must be calculated annually by the TSO and entered into the GTS. This calculation determines the total funds, federal and state match, which have been spent for all the NHTSA funding sources.

The TSO will establish a reliable process which assures that federal program match information entered into GTS for all traffic safety grants is based on the actual program match amounts collected (whether through subgrantee vouchers submitted to the TSO for reimbursement or other match sources). The TSO will assure the actual program match amounts as reported in the GTS are fully supported and documented in the project file(s).

The entry of required state/local match information into GTS should be completed at the beginning of the federal fiscal year and then rechecked at fiscal year closeout. See *Section C. Matching Funds*.

### iii. Submission of Federal Reimbursement Voucher

The TSO receives funds by electronic transfer at an annualized rate of \$1 million or more, therefore, vouchers must be submitted on a monthly basis. The Finance Division shall submit the federal reimbursement voucher to NHTSA no later than 15 working days after the end of each month.

There is no requirement that the monthly voucher requirement pertain to only “new” funding; only that vouchering must be conducted monthly.

The TSO will work with the various NDDOT divisions responsible for the state and federal accounting and reimbursement process to ensure that federal reimbursement vouchers are complete, accurate, and in full compliance with the requirements contained in 23 CFR 1200.23(a) and (b).

## B. Federal Grant Tracking System (GTS)

The GTS is a Windows-based data base program developed by NHTSA to assist the states in the financial management of federal grants. GTS was designed primarily to automate the financial information process, produce the required federal financial documents at the program area level, and electronically transmit this information to NHTSA's accounting department.

### i. Types of GTS Transactions

GTS handles four major types of automated transactions. Each transaction type depends on the order of completion, validity, and accuracy. These four transaction types are:

- Highway Safety Plan
- Obligation Cost Summary
- Advance
- Reimbursement Voucher

Explanations of each of these transaction types follow.

- **Highway Safety Plan** – The HSP is a planning document that includes the program areas to be funded and estimates the upper spending limit. Therefore, it must be completed first in each fiscal year before other transactions can be made. The user can choose the level (program area, project, task, or sub-task) to enter funds depending on the degree of detail desired. The HSP entries should include estimated current year funds and carry forward funds, estimated state match and the anticipated amount to be applied for local benefit. The first HSP document needs to be approved by NHTSA and should be submitted as a part of the state's HSP.
- **Obligation Cost Summary Transaction** - The Obligation Cost Summary (HCS) is the next step and commits the funds for use. This process determines how much of the obligation limitation will be spent in each program area that was created in the HSP. It is also the process that produces the documents that officially obligate funds for the federal computerized accounting system (DELPHI). When this step is completed, all funds should be obligated and will be ready to be claimed for reimbursement (after state and local funds are spent). Funds that are not obligated by the end of the fiscal year will be returned to the federal government
- **Advance Transaction** - The Advance Request transaction is used to request funds prior to submission of a voucher. This step will electronically request funds to be transferred to the state's bank to then be used for reimbursement of highway safety projects. This is an optional step that some states have elected to use.

- **Voucher Transaction** - This transaction allows the user to process vouchers which are the documents that keep track of State spending. Expenditure of funds cannot exceed the level that the funds were obligated for the program, project, task, or sub-task category. The NHTSA Regional Office must approve vouchers.

Voucher reductions can also be entered just like a regular progress voucher, except that the amount entered will be a credit entry only.

## ii. GTS Reports

A variety of GTS reports are available to streamline the state's fiscal management process and reduce the workload associated with meeting federal reporting requirements. These reports are:

- **HSP Transactions Report** - This report itemizes all HSP transactions, provides detailed information on federal funds, and assists to determine data entry errors.
- **HSP Cost Summary Report** - This report reflects detailed information by project, program area, specific funding sources sub-totaled by NHTSA section 402 or 410, or other incentive funds. The format of this report replicates the federal HS-217 Cost Summary Form and shows the increase or decrease for each program area. This report can be printed in detail, showing each project or task, or summarized by program level amounts only.
- **HSP Approved Program Amounts Report** - This report details the same information as the HSP Cost Summary report but does not report the decrease or increase for each program area.
- **HCS Obligation Transaction Report** - This report lists all the transactions that were entered in the obligation section. This report can assist in determining entry errors, or can be used as supporting documentation for data entry.
- **HCS Obligation Cost Summary** - This report is strictly for obligation purposes. The report format replicates the HS-217 Cost Summary Form and shows the increase or decrease for each program area. It can be printed in detail to reflect each project or task, or summarized to show program level amounts only.
- **Voucher Transactions Reports** - This report details all voucher transactions.
- **Status of Obligations and Expenditures** - This report is for information purposes only and shows the unobligated and unexpended amounts for each program area.
- **Status of Current and Carry Forward Funds** - This report separates the obligations, expenditures, and unexpended funds by current fiscal year and by carry-forward (from previous years). This report also shows federal share-to-local benefit, and state and local expenditures.

## iii. Electronic Transfer of Funds

Within 7-10 business days of approval of the voucher by the NHTSA Regional Office, funds are electronically transferred from NHTSA to the State Treasury.

## C. Matching Funds

Match is defined as state and local funds that are expended in support of other qualifying traffic safety programs and have not been used by another federal, state, or local agency as matching funds for a separate federal project.

The TSO can collect match through subgrantees, other qualifying sources, or a combination of both.

For subgrantee match, the TSO will assure the actual program match amounts reported by subgrantees and reflected in the GTS are fully supported and documented in the individual project files. The TSO will assure that the federal program match information entered into the GTS for all traffic safety grants is based on the actual program match amounts reflected on subgrantee vouchers submitted to the TSO for

reimbursement. The TSO will assure that subgrantees clearly understand the program matching requirements of the funding source for their project and that the amount of match required may be substantially higher than the federal funds they receive for expenditure.

Match requirements are outlined in the *NHTSA Highway Safety Grant Funding Policy for Field-Administered Grants*.

The TSO is responsible to calculate, document, and record required match by program. Special attention should be paid to unique requirements of specific programs. Written documentation of match must be on file and updated annually. The match funds must relate to the program type of the funding source (i.e. funds used to support impaired driving related programs must be used to meet Section 410 match requirements). Section 402 match funds may have a general traffic safety purpose. For all match funds identified and documented by the TSO, no other program (federal, state, or local) may use the same funds as program match.

**INDIRECT COSTS:** Indirect costs may be used as match for the federal highway safety program. If the TSO uses indirect costs as match then the costs would be auditable. The TSO also must document indirect costs to its share for the highway safety benefit only. If indirect costs are used as match, the TSO must be able to document that the match is not being used elsewhere or for matching another program.

More information on grant match requirements including a match matrix can be located in NHTSA's *Highway Safety Grant Funding Policy for Field-Administered Grants*.

## D. Grant Tracking Spreadsheet

A Federal Expense Worksheet is maintained by the TSO to help track the current financial status and other related information regarding each approved grant agreement. The spreadsheet is created and maintained by the TSO's Finance/Contract Manager as new grant agreements are approved.

The spreadsheet contains the following information for each grant agreement, at a minimum:

- Funding source
- Program name
- HSP project number
- Project name
- Contract amount
- Match information, if any
- Contract number

The Federal Expense Worksheet should be reviewed frequently by the TSO staff to assure the accuracy and completeness of the information and to check the financial status of each grant agreement.

## E. Allowable Costs

49 CFR Part 18.22 of the *Uniform Administrative Requirements for Grants and Cooperative Agreements* provides the following:

- a. Limitation on use of funds. Grant funds may be used only for:
  - The allowable costs of the grantees, subgrantees, and cost-type contractors, including allowable costs in the form of payments to fixed-price contractors; and
  - Reasonable fees or profit to cost-type contractors but not any fee or profit (or other increment above allowable costs) to the grantee or subgrantee.

- b. Applicable cost principles. For each kind of organization, there is a set of federal principles for determining allowable costs. Allowable costs will be determined in accordance with the cost principles applicable to the organization incurring the costs. The following table lists the kinds of organizations and the applicable cost principles.

**Table 13. Applicable Federal Cost Principles by Organization Type**

For the costs of a --	Use the principles in --
State, local or Indian tribal government	2 CFR Part 225 (OMB Circular A-87)
Private nonprofit organization other than an (1) institution of higher education, (2) hospital, or (3) organization named in OMB Circular A-122 as not subject to that circular	2 CFR Part 230 (OMB Circular A-122)
Educational institutions	2 CFR Parts 215 and 220 (OMB Circular A-21)
For-profit organization other than a hospital and an organization named in OMB Circular A-122 as not subject to that circular	48 CFR Part 31. Contract Cost Principles and Procedures, or uniform cost accounting standards that comply with cost principles acceptable to the Federal agency

**i. 2 CFR Part 225 - OMB Circular No. A-87**

*2 CFR Part 225 "Cost Principles for State, Local, and Indian Tribal Governments" (OMB Circular A-87)* establishes principles to determine the allowable costs incurred by state, local, and federally-recognized Indian tribal governments (governmental units) under grants, cost reimbursement contracts, and other agreements with the federal government. The TSO reimburses subgrantees for all costs incurred under the grant agreement subject to these cost principles. The TSO must also comply with these cost principles when submitting requests for cost reimbursement through the TSO internal grants.

Appendix A of A-87, *General Principles for Determining Allowable Costs*, provides principles to be applied to establish the allowability or unallowability of certain items of cost. **Note:** Failure to mention a particular item of cost in these sections is not intended to imply that it is either allowable or unallowable; rather, determination of allowability in each case should be based on the treatment or standards provided for similar or related items of cost.

See *Appendix F. Selected Items of Cost Addressed in Appendix B, 2CFR Part 225 – OMB Circular A-87*

**ii. NHTSA Grant Funding Policy - Allowable and Unallowable Costs**

The *NHTSA Highway Safety Grant Funding Policy for Field-Administered Grants* (see link below), *Part II. Allowable Costs* under *Specified Conditions or Limitations for Selected Items* and *Part III., Unallowable Costs for Selected Items* are available on line and should also be consulted.

[http://www.nhtsa.gov/nhtsa/whatsup/TEA21/GrantMan/HTML/GrantFundPolicy\\_mkm\\_revJuly07.pdf](http://www.nhtsa.gov/nhtsa/whatsup/TEA21/GrantMan/HTML/GrantFundPolicy_mkm_revJuly07.pdf)

These provisions state costs which are allowable under specified conditions. In the event of a conflict between this section and OMB *Circular A-87, A-21, A-122*, or *45 CFR, Subtitle A - Appendix E to Part 74*, the provisions of the applicable circular will be controlling (except where inconsistent with statute). See below for the topic areas included in Parts II and III.

## Part II. Allowable costs under specific conditions or limitations for selected items:

- Equipment
- Travel
- Training
- Program administration (consultant services, promotional activities, purchase of alcohol [also see Part III, D.4.], but in no case for consumption, in "sting" type operations as long as the operations are not in conflict with any federal, state, or local law, meetings, and conferences)
- Public communications (advertising space)

## Part III. Unallowable costs for selected items:

- Facilities and construction
- Equipment
- Training
- Program administration (supplanting, research, alcoholic beverages, entertainment, commercial driver)
- Lobbying

**Note:** The TSO may request additional information relating to allowable and unallowable cost items from the NHTSA Regional Office.

See also *Chapter III. Project Development, Section E. Grant Proposal Preparation Process, vii. Budget.*

## F. Single Audit Procedures – Federal A-133 Requirements

The basic directive pertaining to the audit of state and local governments, institutions of higher education, and other non-profit organizations is the Office of Management and Budget (OMB) revised *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. *Circular A-133* implements the Single Audit Act amendments of 1996 and provides uniform single audit requirements for all non-federal grantees including state and local governments, colleges and universities, hospitals, and other non-profit organizations. This circular, which was issued June 30, 1997, applies to audits of fiscal years beginning after June 30, 1996, and supersedes prior versions of Circular A-133, as well as, rescinding *Circular A-128, Audits of State and Local Governments*.

Subgrantees expending \$500,000 or more in federal awards from all sources must complete and submit an A-133 audit.

The TSO includes a standard requirement in all subgrantee agreements that describes the conditions that are subject to an A-133 audit or review. The requirement states that subgrantees must submit copies of any audits covering the term of the agreement.

The TSO must establish a process to assure that copies of all audits and other review reports pertaining to subgrantees are received and reviewed to determine the potential existence of findings that may require appropriate and timely corrective action. To achieve this, the TSO collects applicable information during the contracting process as shown in Attachment 8.

The TSO Finance/Contract Manager assures the collection of this information and verifies as necessary through the Single Audit Database maintained on line by the Federal Audit Clearinghouse.

The TSO will determine whether the audit meets the requirements of *OMB Circular A-133* and will issue a management decision on audit findings within six months after receipt of the subgrantee's audit report. Corrective action should be initiated within six months after receipt of the audit report and proceed as rapidly as possible.



In cases of continued inability or unwillingness to have an audit conducted in accordance with this part, federal agencies and pass-through entities shall take appropriate action using sanctions such as:

- (a) Withholding a percentage of Federal awards until the audit is completed satisfactorily;
- (b) Withholding or disallowing overhead costs;
- (c) Suspending Federal awards until the audit is conducted; or
- (d) Terminating the federal award

The single audit concept provides that recipients of federal funds use their own procedures to arrange for independent audits that are to be made on an organization-wide basis, rather than on a grant or project basis. If this organization-wide audit complies with the specific requirements of *OMB Circular A-133*, then no additional audit requirements are normally imposed and all grantor agencies will rely on such audits.